

2016: **YEAR IN REVIEW**

Personal Care  Products Council
Committed to Safety,
Quality & Innovation

600+ member
companies
representing **85%**
of the market.

**4 annual
conferences and
numerous webinars**
to stay up-to-date on
the industry's latest
trends, emerging
science and issues.

ASSOCIATION AT A GLANCE

Since 1894, the Personal Care Products Council (the Council) has served as the leading national trade association representing many of the most trusted and beloved brands in beauty and personal care. The Council works diligently to promote an effective regulatory environment that enables our 600+ member companies to manufacture, distribute, and supply the safest products that families around the world trust and enjoy every day. The Council's programs also promote sound science, harmonized global regulation, and the reputation of the industry. More than 120 years later, we stand united and resolute in this mission while setting our sights on our industry's future.

A MESSAGE FROM THE PRESIDENT & CEO

2016 marked a milestone year for the Personal Care Products Council (the Council) and the industry. We collaborated with various stakeholders on important legislative and regulatory issues, defended industry against burdensome legislation at the local level, advocated for regulatory reform in China and elsewhere and the elimination of trade barriers, released an economic and social impact study to better communicate our industry's contributions to our nation, and continued to promote sound science—the cornerstone of our industry. These efforts help to create a more productive business and regulatory environment for our members who continue to provide safe, innovative products that enhance consumers' lives.

On behalf of the Council, thank you to all of our members for your continued support and commitment to this vibrant industry. Thank you to the engaged and seasoned staff who work every day to ensure our members can successfully conduct their businesses. We take great pride in the accomplishments we have made over the past year and that are outlined in the following pages.

We look forward to working together to make our industry even stronger in the years ahead.



LEZLEE WESTINE

President & CEO, Personal Care Products Council



THE PERSONAL CARE PRODUCTS INDUSTRY



“We’ve got the ingredients we need to continue to succeed. The most loyal consumers. The most creative workforce. The most innovative thinkers. Products that enhance our lives and a trade association advocating on multiple fronts in the U.S. and around the world on our behalf. This organization makes all of that possible.”

THIA BREEN

*Chair of the Board, Personal Care Products Council and
Group President, North America, The Estée Lauder Companies*



Scientifically sophisticated industry with **5,840 employees** in Science, Technology, Engineering and Math (STEM).



The personal care products industry strengthens the U.S. economy. In 2013, the personal care products industry added **\$236.9 billion to U.S. GDP**, and supported **3.6 million domestic jobs** that earned **\$144.3 billion in wages** and incomes through its direct, indirect, and induced contributions.



Women, including women with diverse backgrounds, are at the heart of our industry.

The share of management positions held by women in the personal care products industry is higher than the U.S. average in other industries.



Significant research and development investment drives innovation. In 2011, personal care products manufacturers **invested \$2.8 billion in R&D**.



Industry contributes to a strong export economy. The personal care products industry exported **\$16.9 billion in 2014**, contributing **\$5.8 billion to our nation's trade surplus** while the overall U.S. manufacturing sector experienced trade deficits.



Industry helps small business owners thrive. Over **two-thirds of the total employment in the industry is in small businesses** with less than 50 employees, driving economic growth in our communities.



We support a wide range of **corporate social responsibility programs**, issues and causes that make our communities better places to live. **Per \$1 million of sales**, our charitable contributions were more than double the average contributions for all major industry sectors.



The Council advocates for appropriate and coordinated regulation of cosmetics and personal care products at the federal, state, and local level that ensures the industry can grow and innovate.



Top: The Council's Chief Scientist Beth Jonas, Ph.D. and Chair of CIR Expert Panel Dr. Wilma Bergfeld testify in front of the Senate HELP Committee.

Middle: Rep. Carolyn Maloney (D-NY) accepts award at the Council's Lobby Day.

Bottom: Lezlee Westine presents award to Rep. Blackburn (R-TN) at Council's Lobby Day.

MODERNIZING GOVERNMENT POLICIES



Advocated for appropriate implementation of a Federal microbeads law that included preemption and a pragmatic phase-out process, which was unanimously passed by Congress and signed by President Obama in late 2015.



Demonstrated the industry's commitment to **sound science and safe products** at the U.S. Senate Health Education, Labor and Pensions (HELP) Committee Hearing in September 2016.



Worked collaboratively with various stakeholders, including Members of Congress and staff, FDA, NGOs, and allied advocacy groups, to modernize federal regulatory oversight for cosmetics and personal care products using the Council's legislative principles to guide bipartisan Congressional action.



Strengthened relationships with **100 members of Congress and staff**.



Presented "Friend of Cosmetic Innovation Award" to Rep. Carolyn Maloney (D-NY) and Rep. Marsha Blackburn (R-TN) at the Council's Federal Lobby Day for their continued leadership on issues affecting cosmetics and personal care companies.



Secured report language in Appropriations bill to appropriately **fund the FDA Office of Cosmetics and Colors at \$11.7 million**.



ENHANCING MEMBER VALUE

State Government Affairs Committee

State Insider: A confidential legislative and regulatory report for members

Online portal for state legislative information for members

ADVOCATING AT THE STATE AND LOCAL LEVEL

Policy decisions are increasingly being made at the state and local level and are having a global impact, which affects a wide range of industries, including the cosmetics industry. Legislation varies from product and ingredient bans to threats on intellectual property. Since most states and local governments have two year sessions, legislation introduced in 2015 often remained a threat until adjournment dates in 2016.

Led legislative effort on microbeads by collaborating with a variety of stakeholders on consensus in the Illinois legislature, the first governmental body in the world to act. This law was accepted by the Council of State Governments (CSG) Suggested State Legislation (SSL) Committee and served as a model for Federal legislation. Eight additional states enacted phase outs with consistent language.

Effectively managed a variety of anti-cosmetic bills at the city and county level.

Protected integrity of fragrance ingredients.

Defeated state specific product bans and restrictions that would create conflicting state and local restrictions and cause unnecessary disruption for both consumers and companies.

Avoided inclusion of cosmetic drugs in local programs as part of the "Product Take Back" programs.

Ensured that no new efforts were passed that would mandate a tax on advertising.

70+ bills
at state
and local
level in NY

300+ bills
in over
30 states

Established
600+ new
relationships with
key state and local
policymakers



Left: Hugo Cornejo, Chief, California Department of Public Health, briefs legislative staff at Council seminar.

Above: California Assembly member Ridley-Thomas attends Council event.



ADVANCING SOUND SCIENCE

With deep expertise in: Microbiology, Quality Assurance, Environmental Safety, INCI, and Safety and Regulatory Toxicology, the Council's Science Department identifies, reviews, and addresses emerging scientific issues that could impact the industry.



Worked collaboratively, via public comments and dialogues, with the U.S. Food and Drug Administration (FDA) on its Over-the-Counter Sunscreens:

Provided comments on draft guidances to promote the best science and shared latest available research on sunscreen ingredient safety and testing.



Led four global, multi-trade association microplastic workshops to develop a harmonized scientific strategy to defend ingredients that do not contribute to marine litter.



Developed an exposure assessment with Waterborne International that establishes the framework for assessing removal of plastic ingredients in wastewater treatment to demonstrate low environmental exposure in aquatic environments in North America.



Contributed to the finalization and publication of two new international standards in the area of microbiology and natural/ organic cosmetics.



Hosted the Council's Annual Science Symposium with nearly 300 attendees participating in four sessions. Attendees heard presentations from Industry, Academic and Government scientists, including many from the U.S. FDA, that discussed the newest developments in the areas of cosmetic microbiology, quality assurance, environmental science and leading edge methodologies in safety assessment.



Cosmetic Ingredient Review Expert Panel

The Cosmetic Ingredient Review (CIR) Expert Panel is an independent, non-profit scientific body that was established in 1976 to assess the safety of cosmetic ingredients used in the U.S. The Council initiated the CIR program at the suggestion of and with the support of the Food and Drug Administration (FDA) and the Consumer Federation of America (CFA). The expert panel is comprised of world-renowned scientists and physicians who have been publicly nominated by consumer, scientific and medical groups, government agencies and industry. Representatives from FDA, CFA and the Council

ENSURING LEGAL & REGULATORY COMPLIANCE

The federal and state regulatory landscape continues to shift, with significantly increased attention on environmental fate and continued focus on ingredient safety by regulators. This has spurred attention from trial attorneys, resulting in an uptick in unwarranted actions against our industry's products.



Protected important provisions within state air quality regulations that ensured existing California-compliant products would not require reformulation.

Ensured that California's Proposition 65 "safe harbor" level for "naturally occurring" traces remained intact.

Played leadership role on a steering committee, established by California's Department of Toxic Substances Control to develop new policies on how retailers dispose of consumer products. Through our efforts, we seek to reduce millions of dollars in "anticipated" hazardous waste disposal costs currently being charged by retailers to manufacturers.

Ensured that consumer products would not face massive new and extremely onerous consumer product emission reduction measures proposed by the state of California.

Successfully petitioned FDA to issue draft guidance for lead impurities in lip products and externally applied cosmetics, which provided critical regulatory certainty for our industry and is consistent with widespread international policies.

Planned and hosted the industry's most prestigious Legal & Regulatory Conference, which featured nationally-recognized speakers, lawyers, regulator experts and Attorneys General.

serve as non-voting liaisons to the panel and are actively involved in the comment and discussion process. Panel members must meet the same conflict of interest requirements regarding financial interests as special non-government advisory experts to FDA.

For more than 40 years, CIR has examined and evaluated worldwide published and unpublished scientific safety data for ingredients used in cosmetics and personal care products and conducts those evaluations in an open, unbiased and expert manner; meeting four times a year in Washington, D.C.

In 2016, CIR completed the scientific safety assessment of more than 560 ingredients, of which 230 were deemed safe, 327 were deemed safe with qualifications, and 3 had insufficient data to make a determination. This accomplishment represents an average of 519 ingredient reviews per year over a 5-year period, and a total of 4,770 ingredient safety determinations since the program began. All findings are published in the peer reviewed *International Journal of Toxicology*.



ENSURING GLOBAL MARKET ACCESS



The Council's Global Strategies program focuses on harmonizing international cosmetics regulations and eliminating trade barriers that hinder our industry's access to consumers abroad. Working with international sister associations, the Council promotes global best practices in cosmetics regulations and assists member companies to enter foreign markets. The Global Strategies team manages a number of programs to engage international regulators and to assist our members to comply with international laws.

Hosted, together with the U.S. FDA, the 10th meeting of the International Cooperation on Cosmetics Regulation (ICCR),

the only formal industry-regulators' dialogue promoting alignment of cosmetics regulations globally. ICCR decisions provide industry with a common basis for complying with regulations globally.

Encouraged Chinese government officials to reform China's cosmetics regulations to eliminate burdensome registration requirements and align more closely with regulatory approaches of modern economies. The Council led two industry delegations to China for meetings with Chinese government officials. And for the first time, cosmetics

regulatory issues were included in the government-government dialogue, the U.S.-China Joint Commission and Commerce & Trade, which was held in Beijing in May, 2016. China is one of the world's largest and fastest growing markets for cosmetic products, and the Council is focused on improving our industry's access to Chinese consumers.

Provided written comments on regulatory proposals to more than 15 countries around the world.

Left: Attendees at the 10th ICCR meeting — hosted by the Council and U.S. FDA

Right: Participants at industry delegations in China.



ENHANCING REPUTATION AND BUILDING TRUST

The Public Affairs & Communications program establishes the Council as a trusted, respected voice and advocate for the personal care products industry, working to inform, engage and act as a go-to source of information for consumers, regulators, policy makers, media and NGOs. In 2016, the team made great strides in educating audiences about the industry's dedication to sound science, its commitment to safe and innovative products, and its contributions to the economic and social well-being of the nation.



Commissioned the 2016 Economic & Social Contributions Report and released a companion animated video. Media outreach efforts garnered positive coverage from numerous trade and beltway news outlets.



Led a multi-disciplinary program to educate media, policymakers and other key stakeholders on the industry's commitment to the environment on the issue of microbeads and plastics in our waterways. Communications materials have been shared with the Council's international sister associations in an effort to speak with one voice as a global industry.



Hosted a sunscreen media briefing featuring NYC-based dermatologist Elizabeth Hale, M.D. and the Council's Beth Jonas, Ph.D. Developed short videos that highlighted the importance of safe and smart sun care practices, which are promoted on an ongoing basis via the Council's social media platforms.



Managed a variety of media inquiries from national, international, local and trade outlets (print, broadcast and online) around complex issues, including product and ingredient safety, cosmetics regulation, environmental impacts and sought opportunities to provide industry's perspective on key issues.



Continued to update and create new content for Cosmeticsinfo.org, the industry's science and safety website, which provides those looking with scientific-based information on the ingredients in their cosmetics and personal care products.



Increased digital and social media efforts including redesigning the homepage for Cosmeticsinfo.org — increased sessions by 15% from 2015 with more than 1.3 million users visiting the site.



@PCPC_News
@Cosmetic_Info

LOOK GOOD FEEL BETTER FOUNDATION

The Personal Care Products Council Foundation (now officially the Look Good Feel Better Foundation) executes many projects in support of our program offerings and raises awareness of Look Good Feel Better (LGFB) to increase funds and drive participation.



look good **feel better**
foundation
of the Personal Care Products Council



Conducted the first-ever all-store Lord & Taylor charity event benefiting LGFB, which raised more than \$200,000 and generated more than 43 million traditional and social media impressions.



Executed the inaugural LGFB online auction, which raised more than \$100,000 and earned 95 million media and social media impressions for *Look Good Feel Better – The Auction*.



Updated the LGFB website for women and teens. This new design offers a clean and simplified look that is mobile optimized.



Executed the fifth annual Beauty Editor's Day with Saks Fifth Avenue, raising more than \$100,000 and earning more than 485 million traditional and social media impressions for LGFB.



Successfully executed the #ConfidenceMatters campaign during Look Good Feel Better Week, which garnered nearly 15 million impressions on Twitter and Facebook.



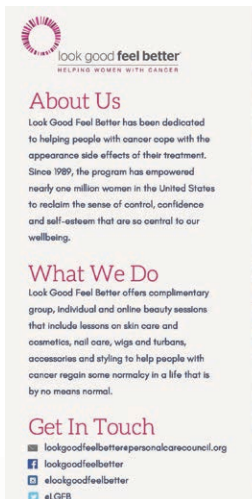
50,000
Women served annually



15,000+
Workshops held across all 50 states



6,000
Volunteers across the country



About Us

Look Good Feel Better has been dedicated to helping people with cancer cope with the appearance side effects of their treatment. Since 1989, the program has empowered nearly one million women in the United States to reclaim the sense of control, confidence and self-esteem that are so central to our wellbeing.

What We Do

Look Good Feel Better offers complimentary group, individual and online beauty sessions that include lessons on skin care and cosmetics, nail care, wigs and turbans, accessories and styling to help people with cancer regain some normalcy in a life that is, by no means normal.

Get In Touch

lookgoodfeelbetter@personalcarecouncil.org
lookgoodfeelbetter
lookgoodfeelbetter
#LGFB

LOOKGOODFEELBETTER.ORG



The Auction April 20 - May 4

Bid on exclusive, one-of-a-kind experiences and merchandise

Visit:
lookgoodfeelbetter.org/auction

Because
#ConfidenceMatters

Bid.
Win.
Give Back.

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Exhibit B

